

**STATE OF CALIFORNIA HEALTH AND HUMAN SERVICES AGENCY
GRAY DAVIS, GOVERNOR**

**CALIFORNIA DEPARTMENT
OF ALCOHOL AND DRUG PROGRAMS**

**HIGHLIGHTS OF THE
GOVERNOR'S BUDGET
FISCAL YEAR 2002-03**

JANUARY 2002

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
GOVERNOR'S BUDGET
FISCAL YEAR 2002-03
- HIGHLIGHTS -

TOTAL BUDGET

The Department of Alcohol and Drug Programs' (ADP) proposed budget for Fiscal Year (FY) 2002-03 is \$544.2 million. Of this amount, \$506.3 million (93%) is for local governments and communities to provide treatment, recovery, and prevention services; and \$37.9 million (7%) is for state support [Figure 1]. The total number of proposed authorized positions for the Department is 350.9. This is a decrease of 1.3 positions due to expiring limited-term positions.

GENERAL FUND

The proposed budget includes \$103.2 million (19%) in State General Fund (SGF) [Figure 2]. Of the total SGF dollars, \$95.4 million (92.4%) is for Local Assistance and \$7.8 million (7.6%) is for state support. The proposed SGF budget includes \$27.1 million (26.3%) for the Perinatal Program.

SUBSTANCE ABUSE TREATMENT TRUST FUND

The proposed budget continues to include \$120.0 million (22%) from the Substance Abuse Treatment Trust Fund (SATTF) in support of Proposition 36 activities [Figure 2]. Of the total dollars, \$117.0 million (97.5%) is for Local Assistance and \$3.0 million (2.5%) is for state support.

FEDERAL FUNDS

The proposed budget includes \$250.3 million in Federal Trust Funds, which represents 46.0% of the total budget [Figure 2]. Of this amount, the Substance Abuse Prevention and Treatment (SAPT) Block Grant is \$237 million, of which \$220.7 million is for Local Assistance and \$16.3 million is for state support. With respect to the Safe and Drug Free School and Communities (SDFSC) Grant, the budget proposes \$11.4 million, of which \$9.5 million is for Local Assistance, and \$1.9 million is for state support.

The budget represents a one-time reduction of \$73.3 million in Federal Trust Funds. The majority of this reduction resulted from the 125% county allocation methodology only used in Fiscal Year (FY) 2000-01, the one-time carryover of funds from FY 1999-00, and the completion of a three-year county allocation ending in June 30, 2001.

GENERAL FUND REDUCTIONS

The proposed budget for FY 2002-03 reflects the following permanent SGF reductions in Local Assistance:

- \$7.5 million SGF in Non-Drug Medi-Cal Alcohol and Other Drug Services Program
- \$4.0 million SGF in the Drug Courts Partnership Program
- \$2.5 million SGF in the Non-Drug Medi-Cal Perinatal Program
- \$0.8 million SGF for Technical Assistance Contracts.

\$14.8 million SGF Total Reduction

DRUG MEDI-CAL PROGRAMS

The Drug Medi-Cal (DMC) program provides medically necessary substance abuse treatment services for eligible Medi-Cal beneficiaries. Services include outpatient drug free, narcotic treatment program, day care rehabilitative, Naltrexone, and residential services for pregnant and parenting women.

Based upon DMC caseload estimates for FY 2002-03, developed by the Department's Office of Applied Research and Analysis, the proposed budget reflects \$50.6 million in DMC SGF funding (\$2.8 million in Perinatal) and \$52.2 million in federal financial participation (\$2.8 million in Perinatal). This is a decrease from FY 2001-02 of \$3.7 million in DMC SGF (\$41K Perinatal) and \$5.9 million federal financial participation (\$152K Perinatal).

DRUG COURTS

In addition to the Drug Court SGF reductions reflected above, the budget reflects a \$4 million reduction due to the conclusion of the first round of grants for the Drug Court Partnership Program that started in FY 1998-99 and ended in FY 2001-02. The budget does not continue the Drug Court Partnership Program. The budget retains \$7 million for the Comprehensive Drug Court Implementation Act.

WELFARE REFORM -- CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

Substance abuse can limit or impair a CalWORKs participant's ability to make the transition from welfare to work, or retain employment over a long period of time. The Governor's Budget for FY 2002-03 includes \$55.1 million in the Department of Social Services' (DSS) budget for the provision of treatment and recovery services to CalWORKS recipients for whom substance abuse is a barrier to employment. In prior years, the CalWORKS funds for substance abuse were specifically identified in

the county allocation. However, commencing in FY 2002-03, these funds will be combined with other CalWORKs funds and allocated to the county welfare departments through county program grants. This grant process is intended to allow counties the greatest flexibility in the use of their funds in support of the CalWORKs Program.

FEDERAL MEDI-CAL ASSISTANCE PERCENTAGE

The Federal Medi-Cal Assistance Percentage (FMAP), which is the percentage used to determine the federal share of the Medi-Cal program, is currently 51.4 percent. In FY 2002-03, the FMAP will decrease to 50 percent effective October 2002. This FMAP decrease results in an increase in SGF, on a percentage basis, to offset the reduction in federal funds. However, due to the decrease in caseload estimates for the Drug Medi-Cal Program, the need to increase SGF does not materialize.

THE SUBSTANCE ABUSE TREATMENT AND TESTING ACCOUNTABILITY PROGRAM

The proposed budget includes \$8.6 million in SAPT Block Grant funds for the second year of the Substance Abuse Treatment and Testing Accountability (SATT) Program, as authorized under Chapter 721, Statutes of 2001, SB 223 (Burton). The SATT Program allows drug testing for clients treated under the Substance Abuse and Crime Prevention Act (SACPA) of 2000 and any other purposes consistent with federal requirements.

RE-ESTABLISHMENT OF ABOLISHED POSITIONS

The budget proposes \$536,000 to re-establish seven positions that were abolished effective July 1, 2001, under the authority of Government Code Section 12439, which was amended in 2001. The amendment reduced the time allowed for a position to be vacant from nine consecutive months to six consecutive months.

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
GOVERNOR'S BUDGET
FISCAL YEAR 2002-03**

(\$ IN THOUSANDS)

FUNDING SOURCE	CATEGORY		TOTAL BUDGET	
	SUPPORT	LOCAL ASSISTANCE		
General Fund	\$7,784	\$95,398	\$103,182	19.0%
Non-Drug Medi-Cal-Regular	\$1,398	\$23,843	\$25,241	4.6%
Non-Drug Medi-Cal Perinatal	\$881	\$23,457	\$24,338	4.5%
Drug Medi-Cal-Regular	\$2,427	\$45,385	\$47,812	8.8%
Drug Medi-Cal-Perinatal	\$57	\$2,713	\$2,770	0.5%
HIPAA	\$3,021	\$0	\$3,021	0.6%
Substance Abuse Treatment Trust Fund (Proposition 36)	\$2,977	\$117,023	\$120,000	22.0%
Driving-Under-the-Influence Program Licensing Trust Fund	\$1,781	\$0	\$1,781	0.3%
Narcotic Treatment Program Licensing Trust Fund	\$1,127	\$0	\$1,127	0.2%
Sale of Tobacco to Minors Control Account	(\$2,000)	\$0	(\$2,000)	-0.4%
Audit Repayment Trust Fund	\$67	\$0	\$67	0.0%
Federal Trust Fund	\$18,850	\$231,421	\$250,271	46.0%
Substance Abuse Block Grant	\$16,279	\$220,755	\$237,034	43.5%
SDFSC	\$1,938	\$9,533	\$11,471	2.1%
Uniform Data Systems	\$317	\$0	\$317	0.0%
CSAT Grants	\$316	\$1,133	\$1,449	0.3%
<i>Criminal Justice Treatment Network</i>	\$23	\$1,133	\$1,156	0.2%
<i>Pregnant and Postpartum Women II</i>	\$0	\$0	\$0	0.0%
<i>Women and Their Children II</i>	\$0	\$0	\$0	0.0%
<i>Needs Assessment</i>	\$293	\$0	\$293	0.1%
<i>TOPPS II</i>	\$0	\$0	\$0	0.0%
<i>OTP Performance Assessment Grant</i>	\$0	\$0	\$0	0.0%
Resident Run Housing Revolving Fund	\$0	\$39	\$39	0.0%
Reimbursements	\$7,286	\$62,468	\$69,754	12.9%
DSS: Substance Abuse Svcs. for Indian Health Clinics	\$175	\$2,624	\$2,799	0.5%
Drug Medi-Cal-Regular	\$3,291	\$46,117	\$49,408	9.1%
Drug Medi-Cal-Perinatal	\$66	\$2,756	\$2,822	0.5%
HIPAA	\$3,021	\$0	\$3,021	0.6%
OTS: I/A	\$242	\$0	\$242	0.0%
CDC: Parolee Services Network	\$491	\$10,971	\$11,462	2.2%
TOTALS	\$37,872	\$506,349	\$544,221	100.0%

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
GOVERNOR'S BUDGET
FISCAL YEAR 2002-03

BUDGET BY CATEGORY
(\$ IN MILLIONS)

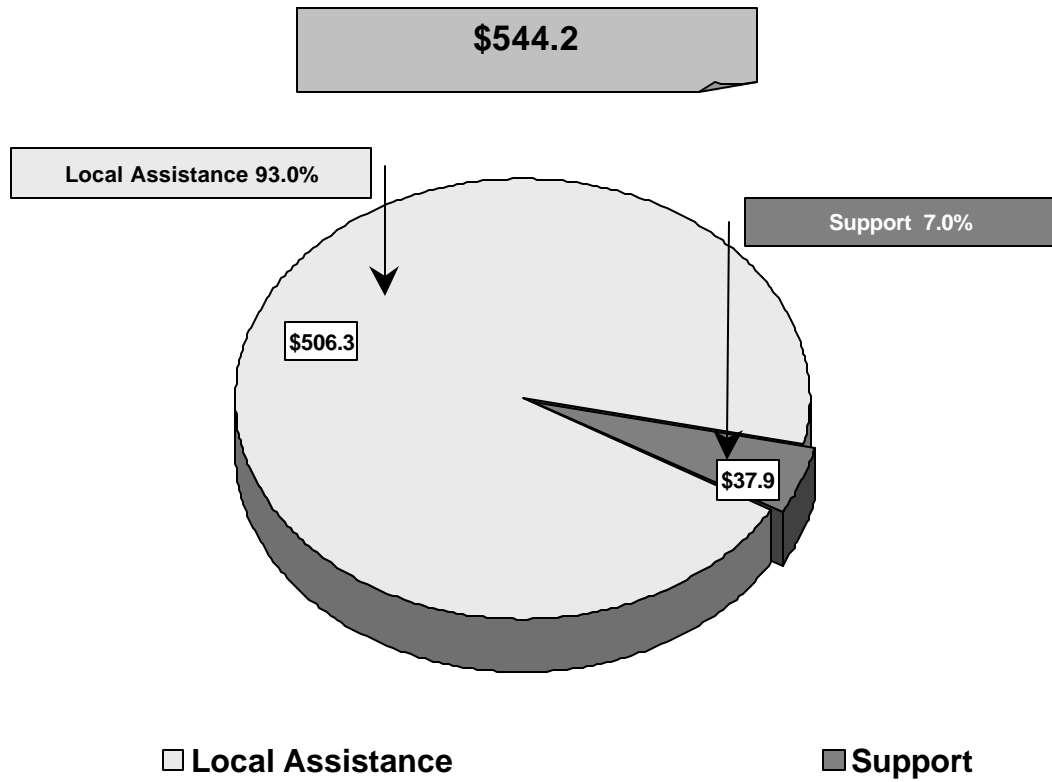
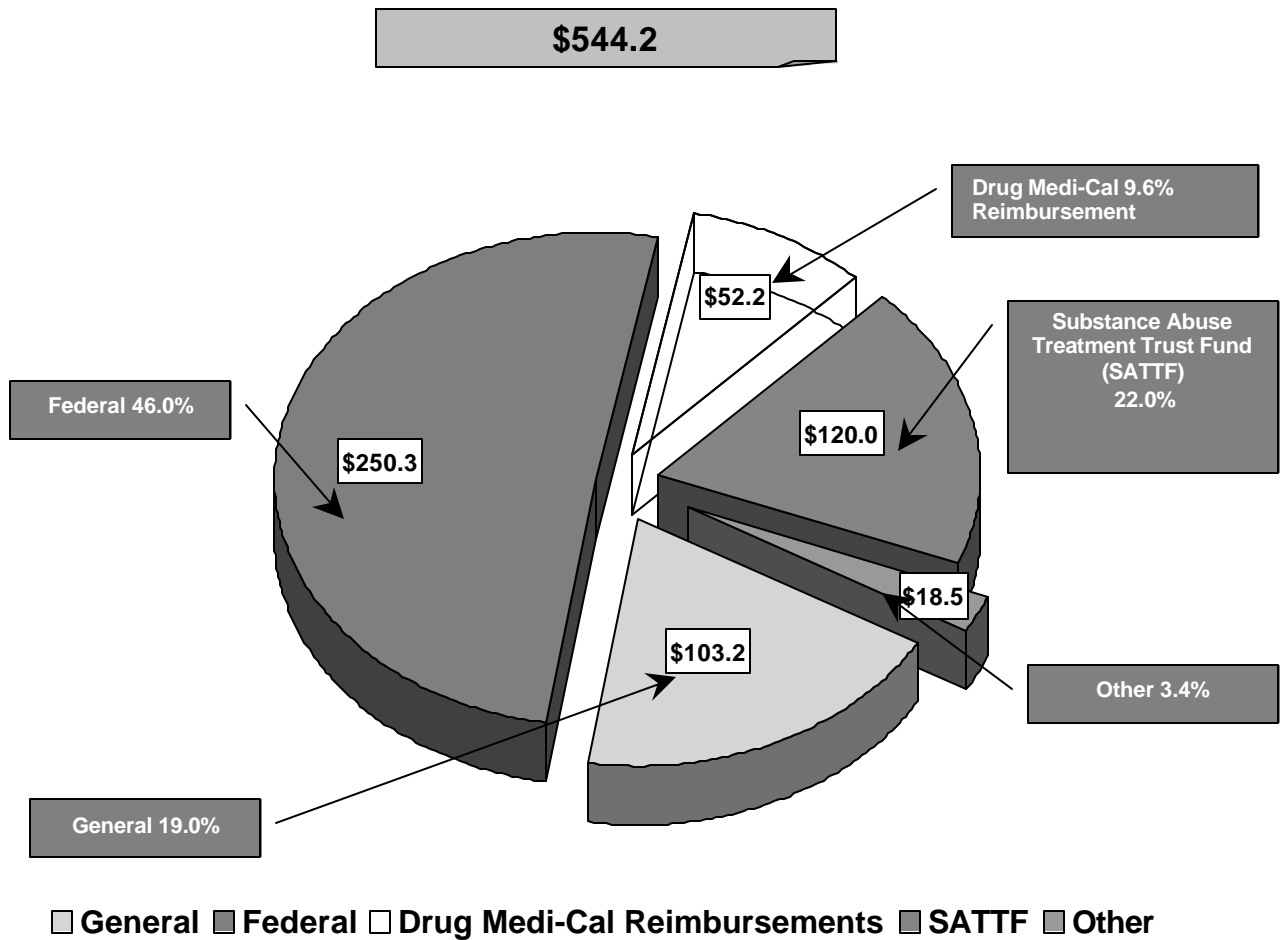


Figure 1

**DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS
Governor's Budget
FISCAL YEAR 2002-03**

**BUDGET BY FUND SOURCE
(\$ IN MILLIONS)**



* "OTHER" INCLUDES: DRIVING-UNDER-THE-INFLUENCE TRUST FUND, NARCOTIC TREATMENT PROGRAM LICENSING TRUST FUND, AUDIT REPAYMENT TRUST FUND, RESIDENT-RUN HOUSING REVOLVING FUND, THE SALE OF TOBACCO TO MINORS ACCOUNT, THE DEPARTMENT OF CORRECTIONS REIMBURSEMENT CONTRACT, THE OFFICE OF TRAFFIC SAFETY REIMBURSEMENT CONTRACT, AND DEPARTMENT OF SOCIAL SERVICES CONTRACT.

Figure 2